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FEDERAL ENERGY  
REGULATORY COMMISSION

March 20, 2002

The Honorable Margalie Roman Salas  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: Trans-Elect, Inc.; Michigan Transco Holdings, Limited Partnership;  
Consumers Energy Company; Michigan Electric Transmission  
Company; Docket Nos. EC02-23-000 and ER02-320-000**

Dear Secretary Salas,

On March 18, 2002, Trans-Elect, Inc. and Michigan Transco Holdings LP ("Trans-Elect Applicants") filed an answer to the March 15, 2002 "Motion of the Michigan Public Service Commission for Clarification or in the Alternative Petition for Rehearing of Order Conditionally Authorizing Disposition of Jurisdictional Facilities and Conditionally Approving Rates and Agreement" issued in the referenced dockets. The purpose of this letter is to clarify, in light of Trans-Elect Applicants March 18 Answer, the position of the Michigan Public Service Commission ("MPSC") regarding Trans-Elect applicants' proposed recovery of a tax adjustment which was the subject of MPSC's March 15 Motion.

Based on Trans-Elect Applicants' clarification that the tax adjustment will be limited to "an amount equal to the [Michigan Electric Transmission Company LLC] income tax balance on closing"<sup>1</sup> and that "the overall purchase price to be paid includes amounts attributable to the proposed tax adjustment, without any tax gross-up or recovery of any payments above book value..."<sup>2</sup>, MPSC agrees with Trans-Elect Applicants that their proposal is not inconsistent with the clarification being sought by MPSC and that nothing in MPSC's motion should delay issuance of the Commission's order on rehearing.

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<sup>1</sup> Trans-Elect Applicants' Answer at 5.

<sup>2</sup> Trans-Elect Applicants' Answer at 4.

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Respectfully submitted,

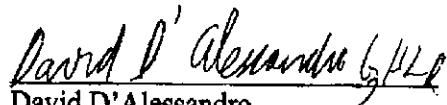
**MICHIGAN PUBLIC SERVICE  
COMMISSION**

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March 20, 2002

  
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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the foregoing document by first class mail upon each party on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 20<sup>th</sup> day of March 2002.

  
David D'Alessandro